

Anna Stacey
Head of Settlement Reform
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

14 September 2020

Dear Anna,

Draft impact assessment: electricity retail market-wide half-hourly settlement

Thank you for the opportunity to respond to Ofgem's consultation on the draft impact assessment of electricity retail market-wide half-hourly settlement (MHHS).

We welcomed the chance to receive clarifications and ask questions at the seminars in July and September as well as our bilateral discussions on 8 September.

Our answers to the questions in this consultation are set out in the accompanying template, and we would highlight the following key points:

- **Transition Timetable** – We agree with the 4-year timescale and would like to take this opportunity to flag a number of dependencies that were not fully detailed in the consultation document. These include a dependency on the DCC being stable and reliably coping with the volume of data each and every day to avoid impacts on settlements and the wider industry; smart meter roll-out being complete (or at least a significant percentage of meters fitted and communicating) to allow an accurate settlement and profiling to take place; and the Faster Switching Project being fully rolled out, awaiting implementation, freeing up technical and project resources. Therefore, in light of these dependencies, we do not agree that the transition start should be 2021.
- **Settlement Timetable** – We agree that MHHS will bring the opportunity to get more accurate data into settlements quicker, delivering benefits such as better forecasting, the ability to promote load shifting to reduce costs and reduced credit cover. However, we think that the timelines set out in the consultation (eg SF 5-7 days) are not achievable straight away at implementation. We would recommend that there is a gradual and staged reduction over time, dependant on the stability of processes across the industry, not just limited to settlements (eg DUoS billing). We would also welcome further analysis on the disputes process as there is a need for more granular data around this, specifically the ratcheted materiality and

the potential impact on small or niche suppliers. We would suggest that consideration be given to an interim disputes run to prevent large errors being unrecoverable for a period of time. As with the settlement runs, we further recommend that the changes are implemented gradually, with staged changes.

- **Export Related MPANs** – We agree that the move to MHHS is beneficial for Export related MPANs but we have reservations about these moving at the same time as import, given the challenges with the Smart Export Guarantee. We would therefore propose that import moves first and that Export is not mandated until import is stabilised, allowing the focus to remain on the vast majority of the market.
- **Data Access Framework** – Whilst mandating collection of HH data from all customers would be the most efficient way of delivering the full benefits of smart metering, we understand that Ofgem does not intend to do this, and therefore we support the suggestion that daily collection to be mandated. We believe there is a need for Ofgem and Citizens Advice to provide a central message to support the customer messaging and promote the full benefits of HH data.

If you have any comments or queries on any aspect of this response, please do not hesitate to contact Steph Clements (Stephanie.clements@scottishpower.com) or myself.

Yours sincerely,



Richard Sweet
Head of Regulatory Policy